

Layman Case Refund Checks Issued

June 30, 2006

The South Carolina Supreme Court recently ordered South Carolina Retirement System (SCRS) to refund employee contributions made by those TERI program participants who began their TERI participation prior to July 1, 2005.

The SCRS issued the first checks today to Teacher and Employee Retention Incentive (TERI) program participants who are entitled to refunds in the wake of this recent court ruling.

SCRS members whose TERI participation began before July 1, 2005, and who made employee contributions to the system during their TERI period should receive their checks within a week, allowing sufficient time for postal delivery.

The June refund checks represent member contributions withheld and reported from July 1, 2005, through March 31, 2006. SCRS receives information identifying contributions to specific individuals on a quarterly basis.

TERI participants who had contributions withheld after March 31, 2006, will also receive a check after the Retirement Systems has processed the April 1, 2006 through June 30, 2006, quarterly contributions from employers. The second group of refund checks will be mailed by September 1, 2006.

Refund checks are considered taxable income and are subject to federal income tax withholding of 10 percent. SCRS members who do not wish to have the 10 percent withheld, may return the original check, along with a letter stating that they do not want the withholding taken out, and refund checks will be reissued without the withholdings.

Letters and returned checks should be sent to the attention of SCRS' Benefit Payments Department, PO Box 11960, Columbia, SC 29211.

Members who elect not to have federal income tax withheld are still liable for the payment of federal income tax on their refund. Members are also liable for state income taxes, but no withholding is required.

Members who ended their TERI participation prior to April 1, 2006, and subsequently returned to covered employment as a working retiree, must notify SCRS Customer Services (800-868-9002 or 803-737-6800 or via email at cs@retirement.sc.gov) of the date they returned to work. If any portion of the refund issued represents contributions made after termination from TERI, those contributions will be due back to the SCRS. The Court did not order SCRS to refund contributions to working retirees.